NATIONAL ASSOCIATION OF BROADCASTERS

February 13, 2019

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 12th Street SW
Washington DC 20554

Re: Notice of *Ex Parte* Communication, MB Docket No. 17-318

Dear Ms. Dortch:

On February 11, President and CEO Gordon Smith and the undersigned of the National Association of Broadcasters, along with four members of NAB's Television Board of Directors (Emily Barr, Graham Media; Brandon Burgess, ION Media; Pat LaPlatney, Gray Television; and Perry Sook, Nexstar Media Group), met with Chairman Pai, his media advisor, Alison Nemeth Steger and the Chairman's office intern, Will Holloway, to discuss the national TV ownership rule. Despite having previously espoused divergent views on how the FCC should address its national TV ownership cap, each of the NAB member companies in attendance expressed their strong and unified support for NAB's "status quo" position in this proceeding.[1] NAB's measured approach would effectively replicate today's regulatory regime, under which broadcasters consistently provide the most relevant and trusted local news and information in local markets across the country. The attendees noted that they were authorized to speak on behalf of the entire NAB Television Board of Directors.

Ms. Barr, Mr. Burgess, Mr. LaPlatney and Mr. Sook all discussed the dramatic changes in the video marketplace and the greatly increased competition their local broadcast TV

---

[1] Comments of NAB, MB Docket No. 17-318 (Mar. 19, 2018) (NAB Comments) (explaining that, if the Commission continues to employ a 39 percent national TV cap, it should determine compliance with it by accounting for all TV stations at 50 percent of their theoretical audience reach); Reply Comments of NAB, MB Docket No. 17-318 (Apr. 18, 2018) (NAB Reply Comments); *see also* NAB Comments at 25-35 (noting that the premise underlying the national cap – that stations reach 100 percent of the TV households in the DMAs in which they are located – is a fiction, which significantly exaggerates the competitively effective reach of TV stations whose actual audiences and advertising revenues have been fragmented by competition from a wide range of multichannel and online video providers).

1771 N Street NW
Washington DC 20036 2800
Phone 202 429 5300
www.nab.org

stations face for both viewers and advertisers. Not only do TV stations compete with traditional pay-TV providers, they now also compete with an array of online video services, which have transformed the entire video marketplace. The number of video outlets and services has exploded, and over-the-air broadcasters, cable and satellite TV operators, "virtual" pay-TV services such as Sling TV, subscription video on demand services like Netflix and social media platforms all compete fiercely for audiences' time and attention and advertisers' dollars.

As a result of ever-increasing competition, NAB's Television Board members explained that broadcast TV stations are experiencing continuing audience fragmentation and pressure on their advertising revenues. Consumers are increasingly embracing internet-based sources of video programming, and viewership of traditional television, especially among those under the age of 50, has notably declined. The number of people owning mobile devices, including smartphones and tablets, has grown quickly, and consumers are spending increasing amounts of time with those devices and on digital platforms.[2] NAB's Board members further explained that the migration of consumers to digital outlets has caused advertisers to shift their dollars in response. The share of local and national advertising spent on mobile and online options has grown very rapidly in recent years.[3] In contrast, local TV stations have experienced a long-term decline in their advertising revenues.[4]

For local TV stations to continue maintaining a meaningful presence in local communities – including through the provision of local news, weather, sports and emergency information – they must remain competitively viable. Today, that means being able to effectively compete for audiences and advertising revenues against pay-TV/broadband companies, over-the-top video providers, digital advertising platforms and social media giants that dwarf broadcast TV groups in scale and scope. It would be completely contrary to the FCC's long-standing localism goals to competitively hobble TV broadcasting and its locally-oriented service by undermining broadcasters' abilities to achieve important economies of scale and scope.[5] Anything short of preserving today's effective status quo would be tantamount to re-regulating an industry that already competes with one hand tied behind its back. NAB's Television Board members therefore urged Chairman Pai to do no harm and to support NAB's status quo proposal on the national TV ownership rule.[6]

---

[2] *See, e.g.*, NAB Comments at 14-19; 27-29, Attachments A, B, & C (discussing the shift in audiences to competing video options).

[3] *See, e.g., id*. at 14-16; Attachments D & E.

[4] *See, e.g.*, Petition for Reconsideration of NAB, MB Docket Nos. 14-50, *et al*., at 2-4 & n.10 (Dec. 1, 2016); NAB *Ex Parte* Letter, MB Docket Nos. 14-50, 09-182, at 7-8 (June 6, 2016).

[5] See NAB Comments at 11-13.

[6] *See* NAB Comments at 22-25; NAB Reply Comments at 14-20 (explaining in detail that, in the current competitive video market, the FCC would have no factual or legal basis for rolling back the existing levels of TV station ownership, as some commenters in this proceeding have argued).

Respectfully submitted,

Rick Kaplan
General Counsel and Executive Vice President
Legal and Regulatory Affairs

cc: Chairman Pai, Alison Nemeth and Will Holloway